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Public Affairs
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Twelve Arizonans Indicted in Multi-Million Dollar Mortgage Fraud Schemes

\$19 million in fraudulently obtained loans

PHOENIX/TUCSON – U.S. Attorney Dennis Burke announced today two indictments charging 12 Arizonans for their involvement in multi-million dollar mortgage fraud conspiracies. Between the two cases, the defendants fraudulently obtained more than \$19 million in loans and more than \$5 million in “cash back” loan proceeds. The defendants are charged with various counts of conspiracy, conspiracy to commit wire fraud, wire fraud, aggravated identity theft, money laundering and conspiracy to commit transactional money laundering.

“These two prosecutions – and others we are pursuing – will demand accountability from a mortgage industry gone adrift, causing great stress to our economy,” said U.S. Attorney Dennis K. Burke. “We are focused like a laser beam on investigating and prosecuting those who commit mortgage fraud, particularly including the industry professionals who knowingly facilitated it.”

The investigations in these indictments were led by agents from the Internal Revenue Service and the FBI.

“Mortgage fraud has contributed to the collapse of our real estate market in Arizona,” said Dawn Mertz, Special Agent in Charge, Internal Revenue Service, Criminal Investigation. “IRS CI will continue to aggressively pursue those individuals who commit these types of crimes.”

Added FBI Special Agent in Charge Nathan Gray, Phoenix Division: “This indictment signifies the continued commitment by the FBI and the U.S. Attorney's Office in combating mortgage fraud. Mortgage Fraud is a top criminal priority for the FBI and we will continue to focus on those who conspire to profit from ill gotten gains in the mortgage fraud industry.”

SUMMARY OF INDICTMENTS

U.S. v. Sisneros et al.

The 16-count indictment alleges that the defendants conspired to commit mortgage fraud in Tucson to obtain loans totaling almost \$13.5 million between 2003 and 2007. As alleged, the defendants knowingly submitted or knowingly caused to be submitted materially false loan

applications, or other false documents, to banks and lending institutions relating to the purchase, refinance or home equity financing of 18 residential properties. After the fraudulently obtained loan proceeds were received from the lenders, portions of the loan proceeds were diverted into bank accounts under the control of some of the co-conspirators. The total cash back received by the co-conspirators relating to these transactions was approximately \$2.9 million dollars. Most of the properties went into foreclosure.

The defendants charged in various counts of the indictment are: Dino Sisneros, 39; Melissa Sisneros, 40; Michael Quiroz, 49; Chad Ayers, 37; Catherine Tarin, 41; Theresa Coyne, 47; and Timothy Coyne, 49, all residents of Tucson. Dino Sisneros, Melissa Sisneros, and Michael Quiroz were arrested Friday. The remaining defendants will be required to appear in federal court for their arraignment.

U.S. v. Rogers et al.

The 13-count indictment alleges that the defendants submitted false loan applications to banks and other lending institutions to buy numerous residential properties in a short period of time, lying about the borrowers' income and liabilities in order to get financing of more than \$5.5 million. Most of the homes referenced in the indictment are in Scottsdale. The indictment also alleges that the defendants profited from the scheme by artificially increasing the sales price of the properties and then directing portions of the loan proceeds back to themselves for their own personal use, while concealing this information from the lenders. The indictment alleges over \$2.5 million in loan proceeds were directed back to the defendants during a single five-month period.

The defendants charged in various counts of the indictment are: Clint Rogers, 37, of Scottsdale; Angela Rogers, 31, of Scottsdale; Shannon Kato, 40, of Sedona; Ernest Babbini, 55, of Scottsdale; and Drew Hull, 30, of Prescott. Clint Rogers, Angela Rogers, and Shannon Kato were arrested today, and Ernest Babbini and Drew Hull have been served with a summons to appear in federal court.

A conviction for conspiracy carries a maximum penalty of five years of imprisonment, a \$250,000 fine, or both. A conviction for conspiracy to commit wire fraud and wire fraud carries a maximum penalty of 20 years in prison, a \$250,000 fine, or both. A conviction for money laundering has a maximum penalty of 20 years of imprisonment, a \$500,000 fine, or both. A conviction for Conspiracy to Commit Transactional Money Laundering carries a maximum penalty of 10 years in prison and a \$250,000 fine. A conviction for Aggravated Identity Theft carries a minimum sentence of two years that must be served consecutive to the ultimate sentence imposed relating to the wire fraud or conspiracy to commit wire fraud charges.

An indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.

The investigation preceding the indictment in ***U.S. v. Sisneros et al*** was conducted by the Internal Revenue Service - Criminal Investigations. The prosecution is being handled by Jonathan B. Granoff, Assistant U.S. Attorney, District of Arizona, Tucson.

The investigation preceding the indictment in ***U.S. v. Rogers et al.*** was conducted by the Internal Revenue Service - Criminal Investigations and the Federal Bureau of Investigation. The prosecution is being handled by James R. Knapp, Assistant U.S. Attorney, District of Arizona, Phoenix.

CASE NUMBER: (***U.S. v. Sisneros et al***) CR 11-794-TUC-RCC; (***U.S. v. Rogers et al.***) CR 11-0364-PHX-PGR

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